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C O N F I D E N T I A L SECTION 01 OF 02 SHANGHAI 000110

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SUBJECT: POLICY PLANNING STAFFER GREEN SHANGHAI MEETINGS

CLASSIFIED BY: Simon Schuchat, Deputy Prinicipal Officer, , U.S.  
Consulate Shanghai.  
REASON: 1.4 (b), (d)

¶1. (C) Summary: During his meetings with Shanghai Academics on January 17, Policy Planning Staffer James Green engaged academics on East Asian security issues, including North Korea and Taiwan. Academics were pessimistic that there would be any progress on North Korea in the near future. Academics agreed that there was a need for a security mechanism in East Asia and welcomed the possibility of using the Six-Party Talks as a framework for future security discussions. Taiwan expert, Zhang Nianchi, noted that the Taiwan issue seemed to have become marginalized and the international community was not paying much attention to the issue. He said that unification was a long process that could not be accomplished through military means. End summary.

¶2. (SBU) During his one-day trip to Shanghai, Policy Planning Staffer James Green met with some of Shanghai's prominent East Asia academics and think-tanks. On January 17, he called on Shanghai Institute for East Asian Studies (SIEAS) Director Zhang Nianchi and Deputy Director Hu Lingwei to discuss cross-Straits issues. He also met with Shanghai Academy of Social Sciences (SASS) International Relations Theory Studies and Center for Korea Studies at the Institute of Asia-Pacific Studies Department Director Liu Ming to discuss North Korea and attended a lunch hosted by the Deputy Principal Officer on East Asia security issues. At the lunch were Shanghai Institute of International Studies (SIIS) American Studies Department Director Chen Dongxiao, SIIS East Asia Securities and Arms Control Project Director Xia Liping, Fudan University Center for American Studies Deputy Director Sun Zhe, and Fudan University Center for American Studies Professor Ren Xiao.

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North Korea  
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¶3. (C) In Green's discussions with academics that took place before the most recent round of 6 Party Talks, the academics were pessimistic that North Korea would agree to give up its nuclear program in the short term. SASS Liu said North Korea was using the U.S. security threat as an excuse. North Korea believed that with nuclear weapons, it would be able to increase

its international stature and be on par with countries like the United States. While North Korea could return to the talks and agree to a slowing down of its nuclear program, especially if this led to the lifting of the financial sanctions, it would never completely give up the program.

¶4. (C) Academics asked whether the United States could be more flexible and release some of the money that was frozen by banks in the Banco Delta Asia affair. Fudan University Sun Zhe said that the United States was sticking to its old mode of negotiations on the presumption that North Korea would not change its behavior. However, North Korea was an unpredictable country and had tried to set up diplomatic relations with some Western countries in the past. The United States should prepare for the possibility that North Korea could change its behavior. SIIS Xia Liping noted that Kim Jong-il was already 65 years old.

Kim believed that he needed to establish diplomatic relations with the United States to ensure that one of his sons would be able to succeed him. If diplomatic relations with the United States were not possible, North Korea would continue to pursue a nuclear program.

¶5. (C) Fudan University Ren doubted that any amount of flexibility on the U.S. side would be enough for North Korea to give up its nuclear program. Whether North Korea returns to the Six-Party Talks depends on whether there was a change in Pyongyang's perception that the United States was a hostile country. North Korea's definition of a hostile action was very broad. It saw everything the United States did as hostile from the financial sanctions to the appointment of a Special Envoy on North Korea. The Six-Party Talks would likely continue to be off-and-on for the next few years. On the succession issue, Ren doubted that Kim would live long enough to ensure that one of his sons succeeded him. Kim's health was not very good and he would not reach his father's age of 82. The most likely

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successor was the third son who was Kim's favorite son. He was only in his twenties and would not be old enough to take over power when Kim dies. In the next 10 to 15 years, the North Korean regime would have a serious problem as Kim gets older or becomes seriously ill.

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East Asia Security Mechanisms  
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¶6. (C) Academics appeared to be open to using the Six-Party Talks as a security mechanism, if the North Korean issue was resolved. Chen said it would be useful to have such a framework to discuss security issues. He added that the big question was how to make the Six-Party dialogue into a more regular and operational dialogue that would address the imbalances in the system. Xia said that in Chinese academic circles there had been some discussion on whether there should be Five-Party talks on security issues. Xia said that we should first stick to the Six-Party talks to see if there will be a breakthrough. If there was no breakthrough, then it would be useful to have some forum for the parties to discuss non-security issues, such as energy or terrorism.

¶7. (C) Academics downplayed the importance of the East Asia Summit. According to Ren, the first East Asia Summit was not part of a grand design by the Chinese government. It occurred as an afterthought and meant to enhance cooperation in the region. He added that not much happened at the second summit which occurred during the ASEAN meeting in Cebu. The only new issue raised during the second summit was the need for more cooperation on energy security issues. Xia added that China had become more comfortable with multilateral mechanisms and had benefited from them. He noted Premier Wen Jiaobao's speech on the importance of East Asian cooperation and said that the East Asia Summit was part of China's efforts to support cooperation in the region. The East Asia Summit did not contradict the U.S.-supported APEC. It complimented APEC.

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Taiwan  
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18. (C) SIEAS Zhang Nianchi noted that the issue of Taiwan seemed to have been marginalized and the international community was no longer paying attention to the issue. He said that this was due in part to the decline of Taiwan's economic competitiveness and to the mainland's Taiwan policy. He stressed that reunification was a long process that required the integration of both sides' economy and culture. The process could take at least 30 to 50 years. Both sides would need to agree to unification for it to be successful and unification could not be achieved through military means. During this period, it was understandable that there would be attempts at establishing Taiwan independence but these attempts must be reigned in.

19. (C) Mainland Taiwan experts had a saying that three things must not happen to ensure peace. First, the United States should not define the status quo. Second, China should not define Taiwan independence. Third, the DPP should not define what it means to "love Taiwan" or "sell-out Taiwan." As long as everyone sticks to the three no's, Taiwan and the mainland would be able to develop healthily and there would eventually be peaceful unification.

110. (C) This report was cleared by Policy Planning Staffer Green.  
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